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C.I.G. 12

29 July 1946CENTRAL INTELLIGENCE GROUPEXPLOITATION OF AMERICAN BUSINESS CONCERNS WITH
CONNECTIONS ABROAD AS SOURCES OF FOREIGN
INTELLIGENCE INFORMATION

Reference: C.I.G. Directive No. 11

Memorandum by the Director of Central Intelligence

1. A survey of the exploitation of American business concerns with connections abroad as sources of foreign intelligence information was ordered by C.I.G. Directive No. 11. Based upon the results of this survey, the enclosed report has been prepared for submission to the National Intelligence Authority.

2. It is recommended that the Intelligence Advisory Board concur in the submittal of the enclosed report for consideration by the National Intelligence Authority.

HOYT S. VANDENBERG
Lieutenant General, USA
Director of Central Intelligence

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NATIONAL INTELLIGENCE AUTHORITY

EXPLOITATION OF AMERICAN BUSINESS CONCERNS
WITH CONNECTIONS ABROAD AS SOURCES OF
FOREIGN INTELLIGENCE INFORMATION

Report by the Director of Central Intelligence
with the unanimous concurrence of the
Intelligence Advisory Board

1. By memorandum dated 10 April 1946, the Special Assistant to the Secretary of State in charge of Research and Intelligence suggested that the Director of Central Intelligence investigate the possibility of exploiting the potential sources of foreign intelligence information in the possession of and susceptible of being acquired by American business concerns and other private groups with connections abroad.

2. Since this matter falls within the responsibility of the Director of Central Intelligence for planning the coordination of the collection of foreign intelligence related to the national security, a survey of the subject was ordered and such survey has been made. Since foreign intelligence information is sought through appropriate contacts with American business concerns and other private groups with connections abroad, the collected information is definitely and distinctly foreign positive intelligence information required for the national security and thus is separate and distinct from (a) domestic intelligence information required for counter-intelligence and police purposes related to the internal security of the nation, and (b) foreign intelligence information required for purposes other than national security.

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3. The results of the survey are set forth in detail in the "Discussion" (Appendix "B"), on the basis of which the Director of Central Intelligence concludes that:

a. American business concerns and other private groups, through their representatives and connections abroad, constitute a most valuable source for the collection of accurate, current foreign intelligence information on a wide range of subjects related to the national intelligence mission required for national security.

b. Only a beginning has been made in tapping this valuable source, and this beginning has been made without the coordination which is essential to avoid duplication of contacts by two or more agencies.

c. As indicated in b above, the current exploitation is totally inadequate but can be increased to the desired optimum through the central coordination and direction of the parallel activities of authorized and competent collecting agencies.

d. The central coordinating and directing authority should establish uniform procedures for: securing the cooperation of American business firms and other private groups; insuring the security of the cooperation accorded; and protecting the interests of the cooperating concerns and groups.

e. The activities in the field of the several collecting agencies should be coordinated by the central coordinating and directing authority, such field coordination to be accomplished in pursuance of directives issued as required by the central authority.

f. Existing contacts should be listed in a Central Contact Register, and before new contacts are approached by any of the several collecting agencies, clearance should be obtained from the central coordinating and directing authority.

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g. Any briefing of individuals should be coordinated by the central coordinating and directing authority, and should be based upon specific requests and essential elements of information furnished by departmental agencies to the central authority.

4. Based upon the foregoing conclusions and the antecedent study, the Director of Central Intelligence has formulated certain recommendations which are embodied in a draft N.I.A. Directive (Appendix "A").

5. The Director of the Federal Bureau of Investigation was a member of the Intelligence Advisory Board for consideration of this matter.

6. It is recommended that the draft N.I.A. Directive (Appendix "A") be approved.

HOYT S. VANDENBERG
Lieutenant General, USA
Director of Central Intelligence

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APPENDIX "A"

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PROPOSED N.I.A. DIRECTIVE

INTERIM PROVISION FOR THE DIRECTION, COORDINATION
AND SUPERVISION OF THE COLLECTION OF FOREIGN IN-
TELLIGENCE INFORMATION THROUGH EXPLOITATION OF
AMERICAN BUSINESS CONCERNS WITH CONNECTIONS ABROAD

1. Under the provisions of N.I.A. Directive No. 5, the Director of Central Intelligence is charged with acting for this Authority in coordinating all Federal foreign intelligence activities related to the national security to ensure that the over-all policies and objectives established by this Authority are properly implemented and executed. Under the responsibility laid upon the Director thereby, the coordination of the exploitation of all sources of foreign intelligence information required for the national security is necessary.

2. Pending the complete solution of the over-all problem of direction, coordination and supervision, current circumstances with regard to the particular source represented by American business concerns and other private groups with connections abroad require interim action.

3. The following policies and procedures relating to the direction, coordination and supervision of the collection of foreign intelligence information required for the national security, through exploitation of American business concerns and other private groups with connections abroad, are announced:

a. The Director of Central Intelligence will establish uniform procedures for:

(1) Securing the cooperation of American business concerns and other private groups with connections abroad in supplying such foreign intelligence information required for the national security as they possess, acquire, or can assist in obtaining.

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(2) Insuring the security of the information procured and that the interests of the cooperating concerns are not jeopardized.

b. The Director of Central Intelligence will establish and maintain, on a current basis, as a part of the Central Contact Register, a register of business and group contacts which will be utilized for coordinating contact and exploitation activities in the field.

c. The Director of Central Intelligence will provide that the security clearance of a prospective contact is assured.

d. The Director of Central Intelligence will coordinate and direct the exploitation activities on a nation-wide basis. Intelligence officers of local Army and Navy Headquarters (and Air Forces Command Headquarters, if present) will cooperate with and assist representatives of the Director of Central Intelligence. All Federal field activities in the collection of foreign intelligence information required for the national security by the means contemplated herein will be subject to the direction, coordination and supervision of the Director of Central Intelligence, through his designated representatives. All existing agency directives will be modified to conform to the foregoing.

4. The State, War and Navy Departments will make available such personnel and facilities as the Director of Central Intelligence may require hereunder, and all Federal departments and agencies will take the steps necessary to implement and carry out the foregoing policies and procedures.

5. This directive does not affect in any way authorized relationships of Federal departments and agencies with American business concerns and other private groups for purposes other than the procurement of foreign intelligence information required for the national security.

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1. American business concerns, learned societies, and similar private groups with representatives and connections abroad, are extremely valuable sources of foreign intelligence information required for the national security, since--in the ordinary course of their normal operations--they gather foreign information in their respective fields from sources which are not open to any regular collecting agencies. However, exploitation of such sources is rendered difficult because of considerations of commercial, industrial and scientific secrets, patent rights, etc., and the danger of compromising their situations in foreign countries and areas. Such exploitation must be accomplished within the most stringent security controls and business concerns and groups concerned must be assured that such stringent security controls are in continuous operation.

2. The normal government approach to this rich source has been haphazard and uncoordinated, with the result that some concerns have been closed to further approach. Continuation of this uncoordinated activity will inevitably and perhaps soon completely nullify this source. Only a centrally coordinated and directed exploitation of this prime source can guard against and effectively prevent the haphazard approach which so adversely affects high-level contacts as to impair and ultimately destroy their interest and availability as sources of required foreign intelligence information.

3. At the present time, the Office of Naval Intelligence is contacting business concerns with foreign connections, principally to establish a Contact Register of potential sources of information, such sources to be exploited later; C.I.G. is about

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to embark upon a program of exploitation of business concerns and other groups with connections abroad; and the Intelligence Division, WDGS, is engaged in limited activity in this field and has a broad program of expansion under consideration. Obviously, the implementation of the responsibility for central coordination and direction of collection assigned as a function of the Director of Central Intelligence by N.I.A. Directive No. 5 is an urgent requirement at this time, in order to avoid undesirable duplication and abuse of valuable contacts.

4. Experience in the past has shown conclusively that many American business concerns with connections abroad are willing to cooperate with authorized government agencies provided:

- a. The head of the firm is approached properly and his concurrence in the desired cooperation is secured;
- b. The continuing contact with the firm is maintained by a single individual over a long period;
- c. The fact that the firm concerned is making foreign intelligence information available to the government is not known outside of the minimum possible number of intelligence personnel; and
- d. The trade and other secrets upon which the success of the firm is based, are not divulged.

Only a central direction, coordination and control of contacts and a central allocation of missions can satisfy the requirements listed above.

5. Since many missions will have high priorities and will often be of considerable urgency, it is essential that the central coordinating and directing authority arrange for effecting, throughout the United States, local coordination and direction of effort which are parts of the central coordination and direction.

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6. In order to facilitate its coordination and direction of the exploitation of the source concerned, the central authority should establish and maintain a Central Contact Register in which all existing contacts made and exploited, or to be exploited, should be entered. All prospective contacts must be cleared through this Central Register before approach to such contacts is made, in order to insure that approach to such contacts has not already been made. Only when clearance from the Central Register is obtained should the prospect be approached. Such clearance should include not only assurance that the prospect is open to approach, but also that it is secure as a source of foreign intelligence information required for the national security.

7. Departmental or National Essential Elements of Information will require, from time to time, that representatives of American business concerns or similar groups with foreign connections, who are about to proceed to foreign areas, be briefed on information which the government requires and which they can procure in the course of their travels and business dealings abroad. Such briefing should be a function of the central coordinating and directing authority and exercised by representatives of that authority, assisted, if need be, by a representative of whichever government agency may have originated the request for specific information. Such briefing of individuals should be held to a minimum and should be performed only when the individual to be briefed has been certified as a sure and secure person. Such briefing as is contemplated herein is an activity requiring special knowledge, training and personal attributes. Only the central authority will be in a position continuously to provide such specially qualified personnel. Assistance from departmental specialists, on special items of departmental interest, is desirable and necessary at times.

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8. The type of intelligence information concerned herein is foreign intelligence information required for the national security, and is not concerned with domestic intelligence information required for counter-intelligence and police functions related to the internal security of the nation, or with foreign intelligence information required for purposes other than the national security. Foreign intelligence information related to the national security, although it may be collected from sources whose headquarters are within the limits of the United States and its possessions, is definitely a part of the national intelligence mission, the coordination of which is specifically a function of the National Intelligence Authority under the provisions of the President's letter of 22 January 1946.

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Appendix "B"